

Message Text

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46

ACTION EB-07

INFO OCT-01 EUR-12 EA-10 ISO-00 AID-05 CIAE-00 FRB-01

INR-07 NSAE-00 USIA-15 TRSE-00 XMB-04 OPIC-06 SP-02

CIEP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-04

CEA-01 L-03 H-02 PRS-01 PA-02 AGR-10 INT-05 FEA-01

ABF-01 /128 W

----- 070829

R 251712Z JUL 75

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 3209

INFO AMEMBASSY BERN

AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY STOCKHOLM

AMEMBASSY THE HAGUE

AMEMBASSY TOKYO

AMCONSUL BELFAST

AMCONSUL EDINBURGH

USMISSION EC BRUSSELS

USMISSION OECD PARIS

USDOC WASHDC

UNCLAS SECTION 01 OF 02 LONDON 11458

DEPARTMENT PASS TREASURY AND FRB

E.O. 11652:N/A

TAGS: ECON, UK

SUBJECT: ECONOMIC DEVELOPMENTS - WEEK ENDING JULY 25

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BEGIN SUMMARY: BRITAIN'S LEVEL OF UNEMPLOYMENT IS NOW AT

ITS HIGHEST LEVEL IN THIRTY-SEVEN YEARS. WHILE ALL PROJECTIONS AGREED THAT UNEMPLOYMENT WOULD REACH THE ONE MILLION MARK, FEW ANTICIPATED THAT IT WOULD BE REACHED BY MID YEAR. ADDED TO THE HIGH UNEMPLOYMENT LEVEL, REDUCED CONSUMER EXPENDITURE FIGURES CONFIRM THE DEEPENING RECESSION. THE GOVERNMENT PRESENTED PROPOSED AMENDMENTS TO THE PRICE CODE AS THE PRIMARY INSTRUMENT FOR ASSURING THAT THE 6 POUND WAGE SETTLEMENT LIMIT IS NOT EXCEEDED DURING THE NEXT WAGE ROUND. THE PROPOSED AMENDMENTS WOULD PROHIBIT WAGE SETTLEMENTS IN EXCESS OF THE LIMIT FROM BEING REFLECTED IN HIGHER PRICES. ON THE FOREIGN EXCHANGE MARKETS, THE POUND REMAINED RELATIVELY STABLE AGAINST THE DOLLAR AND SHOWED SIGNS OF STRENGTHENING AGAINST THE EUROPEAN CURRENCIES. END SUMMARY.

L. UNEMPLOYMENT: LATEST STATISTICS RELEASED BY THE DEPARTMENT OF EMPLOYMENT SHOW THAT ON JULY 14 TOTAL UNEMPLOYMENT IN THE UK STOOD AT 1,087,869 (N.S.A.) OR 4.7 PERCENT OF THE LABOR FORCE, AN INCREASE OF 218,041 SINCE JUNE AND OF 486,379 OR 2.1 PERCENT SINCE JULY 1974. THIS IS THE HIGHEST LEVEL OF UNEMPLOYMENT EXPERIENCED IN THE UK SINCE 1940. IN GREAT BRITAIN (NORTHERN IRELAND EXCLUDED) THE TOTAL WAS 1,036,344 OR 4.5 PERCENT, AN INCREASE OF 205,022 OR 0.9 PERCENT SINCE JUNE. MUCH OF THIS INCREASE WAS ACCOUNTED FOR BY THE LARGE NUMBERS OF SCHOOL LEAVERS AND ADULT STUDENTS WHO JOINED THE REGISTER. IF THESE GROUPS ARE IGNORED, THE GREAT BRITAIN TOTAL WENT UP BY 79,015 TO 889,121, WHICH SEASONALLY ADJUSTED, WAS AN INCREASE OF 74,100 TO 937,800 OR 4.4 PERCENT OF THE LABOR FORCE. SEE SEPTTEL.

2. MONEY SUPPLY: THE MONEY SUPPLY CONTINUES TO RISE AT A RATE SUBSTANTIALLY LOWER THAN THE RATE OF INFLATION. OVER THE PERIOD MAY 21 TO JUNE 18, THE MORE NARROWLY DEFINED M1 INCREASED BY 0.2 PERCENT (S.A.) WHILE THE WIDER DEFINED M3 FELL BY 0.3 PERCENT (S.A.). OVER THE PAST THREE MONTHS TO MID-JUNE, M1 ROSE BY ABOUT 3.25 PERCENT; M3 BY ABOUT 1.5 PERCENT.

3. CONSUMER SPENDING: SECOND QUARTER DATA ON CONSUMER UNCLASSIFIED

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SPENDING BEARS OUT THE DEEPENING EFFECTS OF U.K. RECESSION. THE VOLUME OF CONSUMER SPENDING DROPPED APPROXIMATELY 1.25 PERCENT (S.A.) BETWEEN THE FIRST AND SECOND QUARTERS OF 1975. THE CENTRAL STATISTICAL OFFICES NOTES THAT THE FALL WAS FAIRLY WIDE SPREAD ALTHOUGH THERE WERE PARTICULARLY LARGE REDUCTIONS IN SPENDING ON ALCOHOLIC BEVERAGES, TOBACCO PRODUCTS, CLOTHING AND AUTOS. THE GENERAL FALL OVER THE QUARTER IS PARTICULARLY SIGNIFICANT

IN VIEW OF THE WIDELY PUBLICIZED "BUDGET BUYING SPREE"
DURING APRIL.

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CEA-01 L-03 H-02 PRS-01 PA-02 AGR-10 INT-05 FEA-01

ABF-01 /128 W

----- 071115

R 251712Z JUL 75

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 3210

INFO AMEMBASSY BERN

AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY LUXEMBOURG

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4. EXCHANGE RATE AND GOLD:

(DATES)	7/17	7/24	CHANGE
EXCHANGE RATE	\$2.1800	\$2.1800	UNCHANGED
EFFECTIVE DEPRECIATION			
(PERCENT)	26.6	25.8	NARROWED 0.8

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GOLD	\$164.00	\$165.25	UP \$1.25
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5. FORWARD	1.70	2.03	UP 0.33
6 MONTHS	05		UP 0.55

(ALL FIGURES IN CENTS)

6. EURODOLLAR INTEREST RATES:

(DATES)	7/17	7/24	CHANGE
1 MONTH	6-3/8	6-1/2	UP 1/8
3 MONTHS	7	7-1/4	UP 1/4
6 MONTHS	8-1/8	8-1/4	UP 1/8

7. LOCAL AUTHORITY DEPOSIT RATES:

(DATES)	7/17	7/24	CHANGE
1 MONTH	9-7/16	10-7/16	UP 1.0
3 MONTHS	9-11/16	10-5/8	UP 15/16
6 MONTHS	10-1/16	10-13/16	UP 3/4

8. ON FRIDAY, JULY 25, THE BANK OF ENGLAND RAISED ITS MINIMUM LENDING RATE (MLR) TO 11 PERCENT. THIS LEVEL WAS LAST SEEN DURING THE WEEK JANUARY 31 - FEBRUARY 6, AND PRIOR TO THIS MOVE, THE MLR HAD REMAINED CONSTANT AT 10 PERCENT SINCE MAY 2.

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Message Attributes

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Control Number: n/a
Copy: SINGLE
Draft Date: 25 JUL 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Document Source: CORE
Document Unique ID: 00
Drafter: n/a
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Film Number: D750257-0628
From: LONDON
Handling Restrictions: n/a
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Legacy Key: link1975/newtext/t19750722/aaaaatmo.tel
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Review Content Flags:
Review Date: 13 JAN 2003
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Review Exemptions: n/a
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Margaret P. Grafeld
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US Department of State
EO Systematic Review
06 JUL 2006

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TAGS: ECON, UK
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Type: TE
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